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NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
ANNUAL FINANCIAL REPORT

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-18-06

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Annual Financial Report
As of and for the Year Ended June 30, 2005

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the accompanying financial statements of the governmental and business-type activities of North Webster Parish Industrial District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of North Webster Parish Industrial District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3-10 and 34-35, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Webster Parish Industrial District's basic financial statements. The information listed as other supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Jameson, Wise & Martin

Minden, Louisiana
November 17, 2005

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2005
(Unaudited)

The Management's Discussion and Analysis (MD&A) of the North Webster Parish Industrial District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the North Webster Parish Industrial District's financial performance.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 13. For governmental activities, fund statements tell how activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 11. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in net

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
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assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base and the occupancy and expansion of the industrial park, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities** – Most of the District's basic services are reported here, which includes general administration and park maintenance. Property taxes, building leases, and state grants finance most of these activities.
- **Business-type activities** – The District charges a fee to its tenants to help it cover the water and sewer services it provides. The District's water and sewer system activities are reported here.

Fund financial statements

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. The District's two kinds of funds – *governmental and proprietary* – use different accounting approaches.

- **Governmental funds** – The District's report is made of one governmental fund, the general fund. The primary operations are reported in the general fund which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2005
(Unaudited)

Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

- *Proprietary funds* – When the District charges its tenants for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise fund (a component of proprietary funds) is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

THE DISTRICT AS A WHOLE

For the year ended June 30, 2005, net assets changed as follows:

Table 1
Net Assets

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary</u>	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 1,680,154	\$ 823,764	\$ 821	\$ 567	\$ 1,680,975	\$ 824,331
Capital assets	<u>7,062,817</u>	<u>5,198,596</u>	<u>1,031,800</u>	<u>860,765</u>	<u>8,094,617</u>	<u>6,059,361</u>
Total assets	<u>8,742,971</u>	<u>6,022,360</u>	<u>1,032,621</u>	<u>861,332</u>	<u>9,775,592</u>	<u>6,883,692</u>
Current liabilities	(580,028)	(10,141)	(3,581)	(417)	(583,609)	(10,558)
Other liabilities	<u>(45,900)</u>	<u>(21,503)</u>	<u>(0)</u>	<u>(0)</u>	<u>(45,900)</u>	<u>(21,503)</u>
Total liabilities	<u>(625,928)</u>	<u>(31,644)</u>	<u>(3,581)</u>	<u>(417)</u>	<u>(629,509)</u>	<u>(32,061)</u>
Net assets:						
Invested in capital assets,						
net of debt	7,062,817	5,198,596	1,031,800	860,765	8,094,617	6,059,361
Unrestricted (deficit)	<u>1,054,226</u>	<u>792,120</u>	<u>(2,760)</u>	<u>150</u>	<u>1,051,466</u>	<u>792,270</u>
Total net assets	\$ <u>8,117,043</u>	\$ <u>5,990,716</u>	\$ <u>1,029,040</u>	\$ <u>860,915</u>	\$ <u>9,146,083</u>	\$ <u>6,851,631</u>

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As mentioned earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$8,117,043 and \$1,029,040 in the governmental and business type activities, respectively, at the close of the most recent fiscal year.

The largest portion of the District's net assets (89%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Currently, the District's capital assets are not subject to any outstanding debts. The District uses these capital assets to provide infrastructure and buildings to tenants operating within the industrial park. These assets are not available for future spending, unless sold to the tenants.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements – are \$1,054,226 in the governmental activities at the end of the current year. In the business-type activities, the unrestricted net assets report a deficit of \$2,760. In the current year, the business-type activities did not generate adequate resources to finance the day-to-day operations.

Table 2
Changes in Net Assets

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary</u>	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 265,723	\$ 265,851	\$ 7,201	\$ 5,257	\$ 272,924	\$ 271,108
Capital grants/contributions	1,943,160	196,038	215,551	-	2,158,711	196,038
General revenues						
Property taxes	262,259	258,500	-	-	262,259	258,500
Royalties	7,586	5,253	-	-	7,586	5,253
Investment earnings	22,868	9,707	-	-	22,868	9,707
Gain on sale of capital assets	-	29,403	-	-	-	29,403
Other revenues	<u>447</u>	<u>23,553</u>	<u>-</u>	<u>-</u>	<u>447</u>	<u>23,553</u>
Total revenues	<u>2,502,043</u>	<u>788,305</u>	<u>222,752</u>	<u>5,257</u>	<u>2,724,795</u>	<u>793,562</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2005
(Unaudited)

Table 2
Changes in Net Assets (cont')

Program expenses						
General government	340,868	335,950	-	-	340,868	335,950
Park maintenance	5,887	5,060	-	-	5,887	5,060
Water and sewer	<u>-</u>	<u>-</u>	<u>83,588</u>	<u>71,511</u>	<u>83,588</u>	<u>71,511</u>
Total expenses	<u>346,755</u>	<u>341,010</u>	<u>83,588</u>	<u>71,511</u>	<u>430,343</u>	<u>412,521</u>
Excess (deficiency) before transfers	2,155,288	447,295	139,164	(66,254)	2,294,452	381,041
Transfers	<u>(28,961)</u>	<u>(82,390)</u>	<u>28,961</u>	<u>82,390</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>\$ 2,126,327</u>	<u>\$ 364,905</u>	<u>\$ 168,125</u>	<u>\$ 16,136</u>	<u>\$ 2,294,452</u>	<u>\$ 381,041</u>

Governmental-type activities

The net assets of the governmental type activities were increased by \$2,126,327. A large portion of the increase in net assets was a result of \$1,833,490 of grant revenues recognized in the current year from three separate grants awarded by the Louisiana Dept of Economic Development. These grants were used to fund the construction and purchase of various infrastructure, buildings, and improvements within the industrial park.

Business-type activities

Water and sewer revenues for the District increased slightly over the prior year activity. The District received \$215,551 in capital contributions from the Webster Parish Policy Jury. The contributed capital is related to the completion of various infrastructure projects to address water and sewer improvements within the industrial park. Depreciation expense accounts for 53% of the total expense of the water and sewer system. The water and sewer system operates through transfers from the governmental activities.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
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(Unaudited)

THE DISTRICT'S FUNDS

Activity for the District's major governmental fund is presented as follows:

	FYE 6/30/05	Percent	Increase (decrease)	Percent increase
<u>Revenues</u>	<u>Amount</u>	<u>of Total</u>	<u>from FYE 6/30/04</u>	<u>(decrease)</u>
Taxes	\$ 262,259	12 %	3,759	1 %
Intergovernmental	1,599,444	73 %	1,408,406	737 %
Rental income	290,120	13 %	24,269	9 %
Oil & gas royalty	7,586	1 %	2,333	44 %
Interest	19,534	1 %	8,623	79 %
Miscellaneous	<u>447</u>	0 %	<u>(5,376)</u>	(92) %
Total revenues	\$ <u>2,179,390</u>	100 %	<u>1,442,014</u>	196 %

	FYE 6/30/05	Percent	Increase (decrease)	Percent increase
<u>Expenditures</u>	<u>Amount</u>	<u>of Total</u>	<u>from FYE 6/30/04</u>	<u>(decrease)</u>
General government	\$ 135,496	7 %	(7,611)	(5) %
Park maintenance	5,887	1 %	827	16 %
Capital outlay	<u>1,690,537</u>	92 %	<u>882,551</u>	109 %
Total expenditures	\$ <u>1,831,920</u>	100 %	<u>875,767</u>	92 %

The General Fund experienced an increase of \$318,509 in fund balance in the current year.

In the current year, the district experienced its large changes in the areas of intergovernmental revenues and capital outlay. Capital outlay projects of the District included the expansion, purchases and modifications to various buildings within the park. In addition, the District added a fire pump station to the southern portion of the park. The capital outlay expenditures were funded by three separate grants received from the State of Louisiana. These grants represent 73% of the increase in revenues from last year.

The District's proprietary fund statements provide the same type of information found in the government-wide financial statements but in more detail.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2005
(Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of a year, the District revised the General Fund budget two times. The first amendment budget amendment was to recognize changes in the overall revenues and expenditures within the General Fund. The largest amendments recognized a decrease in intergovernmental revenues to reflect revenues earned rather than total grants awarded and an increase in rental income to reflect payoff of an equipment capital lease which became due upon a tenant's departure from the industrial park. The second amendment was to reflect a decrease in the budgeted capital expenditures to reflect the costs of projects which were not completed during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2005, the District had over \$9.2 million invested in capital assets including buildings, park facilities, water and sewer system. This amount represents an increase of approximately \$2,280,000, over last year.

	Governmental Activities		Business-type Activities		Totals	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 299,067	295,282	-	-	299,067	295,282
Construction in progress	1,778,095	38,826	-	-	1,778,095	38,826
Land improvements	620,253	562,410	-	-	620,253	562,410
Building and improvements	4,218,255	4,144,006	-	-	4,218,255	4,144,006
Improvements other than bldgs.	-	-	1,031,800	860,765	1,031,800	860,765
Equipment	<u>147,148</u>	<u>158,072</u>	<u>-</u>	<u>-</u>	<u>147,148</u>	<u>158,072</u>
Totals (net of depreciation)	\$ <u>7,062,818</u>	<u>5,198,596</u>	<u>1,031,800</u>	<u>860,765</u>	<u>8,094,618</u>	<u>6,059,361</u>

This year's major additions included:

Construction in progress – CSP expansion	\$ 1,690,767
Construction in progress – clinic	87,328
Building w/1.5139 acres of land	60,000
South Park – fire pump station	156,018
South Park – access road	109,670
South Park – sewer improvements	127,438
South Park - water improvements	<u>88,113</u>
	\$ <u>2,319,334</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2005
(Unaudited)

Debt

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District. The District is not obligated in any manner for repayment of the bonds beyond the resources received from Continental Structural Plastics of Louisiana, LLC. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2005, the principal amount payable for the North Webster Parish Industrial District Industrial Revenue Bonds (CSP Project) Series 2001 was \$2,725,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The new budget was adjusted to support ongoing efforts scheduled for completion during the 2005-2006 budget year. These include construction projects for Continental Structural Plastics (CSP) and the Springhill Medical Center. The budget accommodates both monies to be received and spent on the projects. It also includes 10 months of payments at \$12,500 per month from CSP for repayment of the EDAP GRANT LOAN obtained from the State of Louisiana for CSP expansion.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's office at PO Box 176, Springhill, Louisiana, 71075, (318) 539-5058.

BASIC FINANCIAL STATEMENTS

STATEMENT A

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Assets
June 30, 2005

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 620,258	\$ -	\$ 620,258
Investments	449,996	-	449,996
Receivables (net of allowances for uncollectibles)	588,325	821	589,146
Prepaid items	21,103	-	21,103
Deposits	472	-	472
Noncurrent assets:			
Capital assets (net)	<u>7,062,817</u>	<u>1,031,800</u>	<u>8,094,617</u>
 Total assets	 <u>\$ 8,742,971</u>	 <u>\$ 1,032,621</u>	 <u>\$ 9,775,592</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	<u>\$ 580,028</u>	<u>\$ 3,581</u>	<u>\$ 583,609</u>
Total current liabilities	<u>580,028</u>	<u>3,581</u>	<u>583,609</u>
Noncurrent liabilities:			
Other liabilities	<u>45,900</u>	<u>-</u>	<u>45,900</u>
Total noncurrent liabilities	<u>45,900</u>	<u>-</u>	<u>45,900</u>
Total liabilities	<u>\$ 625,928</u>	<u>\$ 3,581</u>	<u>\$ 629,509</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 7,062,817	\$ 1,031,800	\$ 8,094,617
Unrestricted (deficit)	<u>1,054,226</u>	<u>(2,760)</u>	<u>1,051,466</u>
 Total net assets	 <u>\$ 8,117,043</u>	 <u>\$ 1,029,040</u>	 <u>\$ 9,146,083</u>

The accompanying notes are an integral part of this statement.

STATEMENT B

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Statement of Activities

For the Year Ended June 30, 2005

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Capital Grants & Contributions		Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 340,868	\$ 265,723	\$ 1,943,160	\$ 1,868,015	\$ 1,868,015	\$ -	\$ 1,868,015
Park maintenance	5,887	-	-	(5,887)	(5,887)	-	(5,887)
Total governmental activities	346,755	265,723	1,943,160	1,862,128	1,862,128	-	1,862,128
Business-type activities							
Water and sewer	83,588	7,201	215,551	139,164	-	139,164	139,164
Total business-type activities	83,588	7,201	215,551	139,164	-	139,164	139,164
Total primary government	\$ 430,343	\$ 272,924	\$ 2,158,711	\$ 2,001,292	\$ 1,862,128	\$ 139,164	\$ 2,001,292
General revenues:							
Property taxes levied for general purposes					262,259	-	262,259
Royalties					7,586	-	7,586
Investment earnings					22,868	-	22,868
Other general revenues					447	-	447
Transfers					(28,961)	28,961	-
Total general revenues and transfers					264,199	28,961	293,160
Change in net assets					2,126,327	168,125	2,294,452
Net assets-beginning					5,990,716	860,915	6,851,631
Net assets-ending					\$ 8,117,043	\$ 1,029,040	\$ 9,146,083

The accompanying notes are an integral part of this statement.

STATEMENT C

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2005

	General Fund	Total Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 620,259	\$ 620,259
Investments	449,996	449,996
Receivables (net of allowances for uncollectibles)	310,748	310,748
Deposits	<u>472</u>	<u>472</u>
Total assets	<u><u>\$ 1,381,475</u></u>	<u><u>\$ 1,381,475</u></u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts, salaries, and other payables	<u>\$ 309,826</u>	<u>\$ 309,826</u>
Total liabilities	<u>309,826</u>	<u>309,826</u>
Fund balances:		
Unreserved, reported in:		
General fund	<u>1,071,649</u>	<u>1,071,649</u>
Total fund balance	<u>1,071,649</u>	<u>1,071,649</u>
Total liabilities and fund balances	<u><u>\$ 1,381,475</u></u>	<u><u>\$ 1,381,475</u></u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets**

June 30, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 1,071,649
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	7,062,817
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds	298,680
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in governmental funds	<u>(316,103)</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 8,117,043</u>

The accompanying notes are an integral part of this statement.

STATEMENT E

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2005

	General Fund	Total Governmental Funds
REVENUES		
Taxes:		
Ad valorem	\$ 262,259	\$ 262,259
Rental income	290,120	290,120
Oil & gas royalty	7,586	7,586
Intergovernmental revenues:		
State	1,599,444	1,599,444
Investment earnings	19,534	19,534
Other revenues	447	447
Total revenues	<u>2,179,390</u>	<u>2,179,390</u>
EXPENDITURES		
General government	135,496	135,496
Park maintenance	5,887	5,887
Capital outlay	1,690,537	1,690,537
Total expenditures	<u>1,831,920</u>	<u>1,831,920</u>
Excess of revenues over expenditures	347,470	347,470
OTHER FINANCING SOURCES (USES)		
Transfers out	(28,961)	(28,961)
Total other financing sources and uses	<u>(28,961)</u>	<u>(28,961)</u>
Excess of revenues and other sources over expenditures and other uses	318,509	318,509
Fund balances - beginning	753,140	753,140
Fund balances - ending	<u>\$ 1,071,649</u>	<u>\$ 1,071,649</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 318,509
--	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,754,551
---	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and contributions) are not reported as revenues in the funds	109,670
---	---------

Revenue in the statement of activities that do not provide current resources are not reported as revenues in the funds	237,380
--	---------

Revenues in the statement of activities that are received but not earned are not reported as revenues in the net assets of governmental activities	(24,397)
--	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>(269,386)</u>
--	------------------

Change in Net Assets of Governmental Activities, Statement B	<u>\$ 2,126,327</u>
--	---------------------

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Net Assets, Proprietary Funds
June 30, 2005

	Business Type Activity
	<u>Water and Sewer</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 821
Total current assets	<u>821</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	<u>1,031,800</u>
Total noncurrent assets	<u>1,031,800</u>
Total assets	<u>\$ 1,032,621</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,581
Total current liabilities	<u>3,581</u>
Total liabilities	<u>\$ 3,581</u>
NET ASSETS	
Invested in capital assets	1,031,800
Unrestricted (deficit)	<u>(2,760)</u>
Total net assets	<u>\$ 1,029,040</u>

The accompanying notes are an integral part of this statement.

STATEMENT H

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business Type Activity
	<u>Water and Sewer</u>
Operating revenues:	
Charges for services	
Water and sewer income	\$ 7,201
Total operating revenues	<u>7,201</u>
Operating expenses:	
Contract labor	9,600
Utilities	6,756
Telephone	598
Testing fees	899
Repairs and maintenance	21,031
Sales tax	188
Depreciation	<u>44,516</u>
Total operating expenses	<u>83,588</u>
Operating income (loss) before contributions and transfers	(76,387)
Capital contributions	215,551
Transfers in	<u>28,961</u>
Change in net assets	168,125
Net assets - beginning	<u>860,915</u>
Net assets - end of year	<u>\$ 1,029,040</u>

The accompanying notes are an integral part of this financial statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Cash Flows
Proprietary Funds
Years Ended June 30, 2005

	Business Type Activity
	Water and Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 6,947
Cash payments for supplies and services	(35,908)
Net cash used by operating activities	(28,961)
Cash flows from noncapital financing activities:	
Transfer from other funds	28,961
Net cash provided by noncapital financing activities	28,961
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	\$ -
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (76,387)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	44,516
(Increase) in accounts receivable	(254)
(Increase) in accounts payable	3,164
	47,426
Net cash used by operating activities	\$ (28,961)

Schedule of Noncash Investing, Capital, and Financing Activities

During the year, the District executed an Intergovernmental Cooperative Endeavor Agreement with the Webster Parish Police Jury (WPPJ). The WPPJ received an LCDB grant to provide infrastructure improvements including street, sewer, and water facilities within the District. Upon completion of the project, ownership of the improvements was transferred to the District on the condition that the District would operate and maintain the project. The value of the improvements transferred to the District was \$215,551. No cash receipts or expenses were incurred by the District as of June 30, 2005.

The accompanying notes are an integral part of this financial statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

INTRODUCTION

The North Webster Parish Industrial District was created as a political subdivision of the state, under the provisions of Act No. 422 of the 1978 regular session of the Louisiana Legislature. Its territorial limits and jurisdiction extend throughout Ward Two of Webster Parish in the northwest corner of the State of Louisiana.

The governing authority of the District is a Board of Commissioners consisting of seven members, two of whom are appointed by the City of Springhill, one each is appointed by the municipalities of Cullen, Sarepta, Shongaloo and Cotton Valley, and one is appointed by the Webster Parish Police Jury. Each commissioner serves for an indefinite term of office at the pleasure of the appointing authority.

The District is provided the powers and duties to incur debt and issue bonds to encourage industrial enterprises through the operation of an industrial park.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the North Webster Parish Industrial District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, rental income, royalties and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

The District reports one governmental fund. The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

The District reports one proprietary fund. The Enterprise Fund (Water & Sewer) is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability, or other purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Eliminations of these charges would distort direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for water and sewerage services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The District's cash and cash equivalents includes amounts considered to be demand deposits and short-term investments. State law and the District's investment policy allow the district to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the district are reported at fair value.

D. Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include grants, lease revenues, and interest.

Business-type activities report utilities as their major receivable. The District considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals for lease payments and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

deferred in the government-wide financial statements in accordance with the accrual basis.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and collected by the tax collector of the Parish of Webster. Taxes are levied in September or October, and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The tax levy for 2004 was 5.19 mills of the assessed property valuation on tax rolls as of January 1. For the year ended June 30, 2005, taxes of \$ 263,184 were levied on property with assessed valuations totaling 50,709,920.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20-40 years
Buildings and building improvements	10-40 years
Equipment	5-20 years

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

F. Compensated Absences

The District's policy for paid time off permits full-time employees to accumulate earned but unused vacation/sick time. The amount of paid-time off an employee is eligible for is determined by amount of time of service for the District. The employee is allowed to carryforward to the next calendar year up to 15 days of earned paid time off if workload dictates and with approval by the manager.

Employees with over 15 years of service are eligible to earn 2 ½ days per month.

The amount of earned but unused paid time off for the District's one employee was considered immaterial to the financial statements. No accrual for compensated absences is recognized in the government-wide financial statements.

2. Stewardship, compliance and accountability

Budget information The District uses the following budget practices:

- 1) The administrative assistant prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
- 2) After formal review and public inspection, the budget is adopted by the Board of Commissioners prior to June 30 of the year end.
- 3) Formal budgetary integration is employed as a management control device during the year for the general fund. Budgetary amendments require the approval of the Board of Commissioners. The Board of Commissioners is authorized to transfer amounts between line items within any fund.
- 4) The budgets for the general fund is adopted on a cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).
- 5) Appropriations lapse at the end of each fiscal year.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

- 6) The Board of Commissioners may authorize supplemental appropriations during the year.

The revenues and expenditures, for the year ended June 30, 2005, as shown on Statement E, are reconciled with the amounts reflected on the budget comparisons on Schedule 1 as follows:

	<u>General</u> <u>Fund</u>
Year ended June 30, 2005:	
Excess of revenues and other financing sources over expenditures and other uses (Fund Basis)	\$ 318,509
To adjust for:	
(Increase) Decrease in receivables	(175,608)
Increase (Decrease) in payables	<u>293,916</u>
Excess of revenues and other financing sources over expenditures and other uses (Cash Basis)	\$ <u>436,817</u>

3. Cash and cash equivalents

At June 30, 2005, the District had cash and cash equivalents totaling \$ 620,258 in interest bearing demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

At June 30, 2005, the District has \$1,073,101 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$1,121,884 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

4. Investments

Investments are categorized as insured securities held by the District or its agent in the District's name. At fiscal year-end, the District's investment consisted of \$449,996 in certificates of deposit. The carrying value of the District's certificates of deposit approximate fair market value.

5. Receivables

The receivables of the government-wide financial statements at June 30, 2005 are as follows:

	<u>Governmental</u>	<u>Business-type</u>
Oil and gas royalties	\$ 809	\$ -
A/R – sales of assets	38,700	-
Interest receivable	4,831	-
Grants receivable	539,462	-
Lease payments receivable	4,523	-
A/R – water & sewer	-	<u>821</u>
Total	\$ <u>588,325</u>	\$ <u>821</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements As of and for the Year Ended June 30, 2005

The receivables of the governmental fund financial statements at June 30, 2005 are as follows:

	<u>General Fund</u>
Grant revenues	\$ 305,416
Oil and gas royalties	809
Lease payments receivable	<u>4,523</u>
Total	<u>\$ 310,748</u>

All receivables are considered fully collectible and, therefore, no allowance for uncollectible amounts is provided. If amounts become uncollectible, they are charged to operations when that determination is made.

6. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2005, for the district is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 295,281	3,785	-	299,066
Construction in progress	<u>38,826</u>	<u>1,895,287</u>	<u>156,018</u>	<u>1,778,095</u>
Total capital assets, not being depreciated	<u>\$ 334,107</u>	<u>1,899,072</u>	<u>156,018</u>	<u>2,077,161</u>
Capital assets being depreciated				
Land improvements	\$ 1,378,925	109,670	-	1,488,595
Buildings and improvements	5,215,616	212,233	-	5,427,849
Machinery and equipment	<u>189,346</u>	<u>-</u>	<u>-</u>	<u>189,346</u>
Total capital assets being depreciated	<u>6,783,887</u>	<u>321,903</u>	<u>-</u>	<u>7,105,790</u>
Less accumulated depreciation for:				
Land improvements	816,515	51,828	-	868,343
Building and improvements	1,071,610	137,984	-	1,209,594
Machinery and equipment	<u>31,273</u>	<u>10,924</u>	<u>-</u>	<u>42,197</u>
Total accumulated depreciation	<u>1,919,398</u>	<u>200,736</u>	<u>-</u>	<u>2,120,134</u>
Total capital assets being depreciated, net	<u>\$ 4,864,489</u>	<u>121,167</u>	<u>-</u>	<u>4,985,656</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements As of and for the Year Ended June 30, 2005

6. Capital Assets (contd)

Business-type activities:

Capital assets being depreciated

Improvements other than buildings	\$ 1,529,070	215,551	-	1,744,621
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Less accumulated depreciation for:

Improvements other than buildings	<u>668,305</u>	<u>44,516</u>	<u>-</u>	<u>712,821</u>
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Total capital assets being depreciated, net	\$ <u>860,765</u>	<u>171,035</u>	<u>-</u>	<u>1,031,800</u>
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7. Operating transfers

Operating transfer balances for the year ended June 30, 2005, were as follows:

	Operating Transfer	
	<u>IN</u>	<u>OUT</u>
General Fund	\$ -	28,961
Enterprise Fund	<u>28,961</u>	<u>-</u>
	<u>\$ 28,961</u>	<u>28,961</u>

8. Leases

The District leased five buildings to companies operating in the park. The primary terms of the leases range from two years to twenty-five years with, in some cases, options to renew. The District has granted an option, within the primary term of the lease, for the lessee to purchase said building in all leases except for the operating lease on Building #4. The following is the net investment in each building:

Building #1	\$ 169,371
Building #3	1,867,799
Building #4	1,303,600
Building #5	1,154,970
CSP – Office facility/Geothermal	
Cooling System	<u>871,097</u>
Total	<u>\$5,366,837</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

The District leased equipment to Continental Structural Plastics of Louisiana, LLC. The primary term of the lease is for seven years. The District has granted an option, for the lessee to purchase the equipment at fair market value at the end of the lease. The following is the net investment in the equipment:

Shredder/granulator \$159,079

The following is a schedule of future minimum lease payments to be received, as of June 30, 2005

Year Ended <u>June 30</u>	Building <u>#1</u>	Building <u>#3</u>	Building <u>#4</u>	Building <u>#5</u>	CSP <u>building</u>	CSP <u>equipment</u>	<u>Total</u>
2006	\$ 7,800	129,021	36,000	3,900	53,491	23,097	253,309
2007	4,550	129,020	36,000	-	52,125	23,097	244,792
2008	-	129,020	36,000	-	50,760	23,097	238,877
2009	-	54,000	9,000	-	49,394	23,097	135,491
2010	-	54,000	-	-	48,028	23,096	125,124
Thereafter	-	<u>135,000</u>	-	-	<u>454,155</u>	-	<u>589,155</u>
Total minimum lease payments \$	<u>12,350</u>	<u>630,061</u>	<u>117,000</u>	<u>3,900</u>	<u>707,953</u>	<u>115,484</u>	<u>1,586,748</u>

9. Direct Financing Lease

The District entered into a sales-leaseback transaction with Paul Faaborg & Associates, Inc. on August 10, 1999. The District purchased various pieces of equipment for \$230,000, and leased the same equipment back to Paul Faaborg & Associates, Inc. Paul Faaborg & Associates, Inc. will lease the equipment over a 10-year period commencing on August 10, 1999, at the end of which, the lessee will have an option to purchase the equipment for \$1.

On July 21, 2004, the District received notice from Ironworks of their intention to vacate the property and pay off the outstanding obligations with the equipment lease contract. Ironworks moved out of the park on September 30, 2004 and remitted \$128,000 to payoff their outstanding equipment obligation to the district.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

During the fiscal year ended June 30, 2005, the District reported a decrease of \$122,087 in a reserve of fund balance for long-term lease payment

10. Conduit Debt Obligation

The North Webster Parish Industrial District issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition, construction and installation of a manufacturing facility deemed to be in the public interest. The bonds are secured by a \$2,900,000 Letter of Credit, revenues received in connection with the leasing of the facility, revenues of the District in excess of the statutory, ordinary and customary expenses, and any economic development tax of the District. The District is not obligated in any manner for repayment of the bonds beyond the resources received from Continental Structural Plastics of Louisiana, LLC. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2005, the principal amount payable for the North Webster Parish Industrial District Industrial Revenue Bonds (CSP Project) Series 2001 was \$2,725,000.

11. Long-term obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 2005:

	Unearned <u>Revenues</u>
Long-term obligations at Beginning of Year	\$ 21,503
Additions	<u>24,397</u>
Long-term obligations at End of Year	\$ <u>45,900</u>

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to the Financial Statements

As of and for the Year Ended June 30, 2005

12. Prior period restatement

The beginning fund balances presented in the fund financial statements have been restated to reflect adjustments and changes in presentation within the general fund.

A restatement of the beginning fund balance and activity for the year ended June 30, 2005 was recognized in the fund financial statements as follows:

Fund balance, originally reported as of June 30, 2004	\$731,636
Correction of unearned lease payments in fund statements	<u>21,504</u>
Fund balance restated as of June 30, 2004	\$ <u>753,140</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of the basic financial statements. Such information includes the Budgetary Comparison Schedule for the General Fund.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	(CASH) Basis	Final Budget Positive (Negative)
Revenues				
Taxes - ad valorem	\$ 250,000	\$ 252,930	\$ 262,259	\$ 9,329
Rental income	303,550	392,915	420,312	27,397
Oil & gas royalty	4,000	6,516	7,202	686
Intergovernmental	2,223,127	1,132,599	1,294,028	161,429
Interest	5,000	7,730	13,765	6,035
Miscellaneous	1,000	1,000	447	(553)
Total revenues	<u>2,786,677</u>	<u>1,793,690</u>	<u>1,998,013</u>	<u>204,323</u>
Expenditures				
General Government	151,338	127,943	135,788	(7,845)
Park maintenance	7,800	5,615	6,007	(392)
Capital outlay	<u>2,400,000</u>	<u>1,383,296</u>	<u>1,390,440</u>	<u>(7,144)</u>
Total expenditures	<u>2,559,138</u>	<u>1,516,854</u>	<u>1,532,235</u>	<u>(15,381)</u>
Excess (deficiency) of revenues over (under) expenditures	227,539	276,836	465,778	188,942
Other Financing Sources (Uses)				
Operating transfers out	<u>(41,592)</u>	<u>(41,592)</u>	<u>(28,961)</u>	<u>12,631</u>
Total other financing sources (uses)	<u>(41,592)</u>	<u>(41,592)</u>	<u>(28,961)</u>	<u>12,631</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	185,947	235,244	436,817	201,573
Fund balance at beginning of year	<u>633,485</u>	<u>633,485</u>	<u>633,485</u>	<u>-</u>
Fund balance at end of year	<u>\$ 819,432</u>	<u>\$ 868,729</u>	<u>\$ 1,070,302</u>	<u>\$ 201,573</u>

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Notes to Budgetary Comparison Schedules

JUNE 30, 2005

Note 1 - Budget basis

The budget for the general fund is adopted on a cash basis.

Note 2 – Explanation major changes from original budget to final budget

Major changes to revenues budgeted

Final budget reflects amendment to decrease revenues to reflect actual grants received from the Louisiana Department of Economic Development to fund infrastructure improvements and construction projects within the Industrial Park. The original budget reflected total grants to be received for the projects.

Major changes to expenditures budgeted

Final budget reflects amendments to decrease the various amounts budgeted for the operating expenditures of the District. A major change to the original budget was to reduce the capital expenditures to reflect actual cost of project incurred during the fiscal year.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements include the Schedule of Compensation Paid Board Members and Schedule of General Fund Expenditures.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

**Schedule of Compensation Paid Board Members
June 30, 2005**

The Board of Commissioners of the North Webster Parish Industrial District meets each month. They do not receive any compensation. The following were members of the Board as of June 30, 2005:

Chairman	Thomas L. Craig	Member	Ray Mills
Vice-Chairman	Johnnie K. Hill	Member	Jeff Slack
Secretary	J.L. Carraway	Member	David Smith
Member	Jerry Hayes		

The accompanying notes are an integral part of this statement.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT
Schedule of General Fund Expenditures
Year Ended June 30, 2005

With Comparative Amounts for the Year Ended June 30, 2004

	<u>2005</u>	<u>2004</u>
General and administrative:		
Salaries	\$ 21,038	\$ 21,038
Taxes	1,616	1,631
Insurance	33,843	27,100
Legal and accounting	12,632	8,527
Professional fees	40,018	55,125
Office	2,989	4,113
Tax assessor Fees	9,516	9,810
Travel	1,642	3,155
Promotional	870	2,163
Telephone	3,669	3,534
Utilities	3,870	3,571
Dues	355	360
Printing	2,586	2,576
Contract labor	852	404
All other	<u>-</u>	<u>-</u>
Total general and administrative	<u>135,496</u>	<u>143,107</u>
Park expenditures:		
Maintenance	5,887	5,060
Capital outlay:		
Miscellaneous projects	5,452	10,935
Construction in progress - fire tank and pump	-	38,825
CSP - Shredder/granulator equipment	-	159,079
Spec # 4 - building modification	-	474,782
South Industrial Park - parking lot	-	124,365
Bill & Ralph's, Inc. - fire tank & pump	117,192	-
CSP - addition to plant	1,427,788	-
Springhill Medical Services, Inc. - clinic	<u>140,105</u>	<u>-</u>
Total capital outlay	<u>1,690,537</u>	<u>807,986</u>
Total general fund expenditures	<u>\$ 1,831,920</u>	<u>956,153</u>

The accompanying notes are an integral part of this statement.

OTHER REPORTS

JAMIESON, WISE & MARTIN
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KRISTIE K. MARTIN, C.P.A.

WM. PEARCE JAMIESON, C.P.A. (1991)

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the financial statements of the governmental and business-type activities of North Webster Parish Industrial District, as of and for the year ended June 30, 2005, which collectively comprise the district's basic financial statements and have issued our report thereon dated November 17, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Webster Parish Industrial District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of current year findings as items 2005-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the

financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Webster Parish Industrial District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

However, we noted a certain matter that we reported to management of North Webster Parish Industrial District, in a separate letter dated November 17, 2005.

This report is intended solely for the information of the district's Board of Commissioners, grant awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Samuelson, Wise & Martin

Minden, Louisiana
November 17, 2005

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Current Year Findings, Recommendations, and Corrective Action Plan For the Year Ended June 30, 2005

Section I - Internal Control and Compliance Material to the Financial Statements

2005-1 Internal Control: Lack of Segregation of Duties

Finding: Our review of the internal control structure indicated inadequate segregation of duties in all areas of the financial cycle. Therefore, the internal control is weakened. Inadequate segregation of duties is due to the limited number of personnel performing administrative functions.

Recommendation: We recommend that the District hire additional office personnel to provide adequate segregation of duties.

Correction Action Plan: Since the departure of the business manager in March, 2005, the District has operated with a single employee, the same person who handled the duties alone for some 18 years before the business manager came aboard. The business manager was in place for 23 months, and the operation was distinctly more efficient and effective during those months, allowing the division of duties as identified by the auditor. A new business manager with focus on growth and expansion is required for the Park. Finding that person remains a goal for 2006. Once on board, segregation of duties can occur. The existing operation cannot justify the addition of an employee restricted to administrative tasks.

Section II – Internal Control and Compliance Material to Federal Awards

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2005, of the North Webster Parish Industrial District, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Schedule of Current Year Findings For the Year Ended June 30, 2005

Section III – Management letter

Bid law advertisement

Finding: LSA RS 38:2212 requires advertisements for public works over \$100,000 to be published once a week for 3 different weeks in the newspaper, with first ad to appear 25 days before bid opening.

We noted an advertisement for a public works project required to be let for bid was published on February 7, 11, & 18. It appears that the ad placed on 7th and 11th appear to be within the same week. Per discussion with the administrative assistant, the newspaper failed to publish on February 4th which was intended to be the first publication to be in compliance with the 25 day rule. She called the paper and had them publish on Monday, Feb 7th. However, the 2nd notice was also published on the Friday of the same week, causing the advertisement to appear within the same week.

Recommendation: We recommend that the District ensure that advertisements are published as required by law.

Corrective Action Plan: This is a valid criticism. In spite of best efforts, an unpredictable delay occurred in getting bid advertisements published due to the delay by the newspaper. We must build in more lead time in the future to insure compliance, even in unavoidable delays are encountered. We will do so.

NORTH WEBSTER PARISH INDUSTRIAL DISTRICT

Status of Prior Audit Findings
For the Year Ended June 30, 2005

Section I - Internal Control and Compliance Material to the Financial Statements

In connection with the audit of the general purpose financial statements as of and for the year ended June 30, 2003, of the North Webster Parish Industrial District, there were no items required to be reported in accordance with GAGAS.

Section II – Internal Control and Compliance Material to Federal Awards

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2004, of the North Webster Parish Industrial District, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

Section III - Management Letter

2004-01 Lack of controls over lease agreements

Finding: We noted that some lease agreements between the District and its tenants were not being monitored or reviewed to determine whether tenants were in compliance with the terms of the agreements.

Status: The District appears to monitor and review its lease agreements to determine whether tenants are in compliance with the terms of the agreements.

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MANAGEMENT LETTER

To the Board of Commissioners
North Webster Parish Industrial District

We have audited the financial statements of the North Webster Parish Industrial District, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 17, 2005.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the District. As a supplement to the reports, we submit for your consideration pertaining to the following observations, which did not meet the criteria of being material to the general purpose financial statements.

Compliance items considered non-material to basic financial statements.

Bid law advertisement

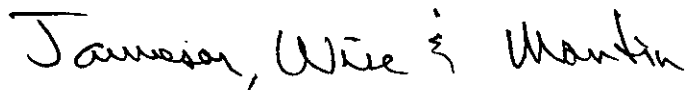
LSA RS 38:2212 requires advertisements for public works over \$100,000 to be published once a week for 3 different weeks in the newspaper, with first ad to appear 25 days before bid opening.

We noted an advertisement for a public works project required to be let for bid was published on February 7, 11, & 18. It appears that the ad placed on 7th and 11th appear to be within the same week. Per discussion with the administrative assistant, the newspaper failed to publish on February 4th which was intended to be the first publication to be in compliance with the 25 day rule. She called the paper and had them publish on Monday, Feb 7th. However, the 2nd notice was also published on the Friday of the same week, causing the advertisement to appear within the same week.

We recommend that the District ensure that advertisements are published as required by law.

The District's management has addressed prior audit findings unless included in the above comments. Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

A handwritten signature in cursive script that reads "Jamieson, Wise & Martin".

Jamieson, Wise & Martin

November 17, 2005